
From: Jeffrey Spotts <jeffrey.spotts@prophecyfund.com>
Sent: Thursday, September 10, 2020 7:34 AM
To: jeffrey.spotts@prophecyfund.com
Subject: Prophecy Investor Update - Reporting

September 10, 2020

Dear Prophecy Investors,

From all of us at Prophecy Asset Management, LP ("Prophecy"), we hope this letter finds you and your families safe and well. We write to update you regarding a few items relating to reporting for Prophecy Trading Advisors, LP and Trading Advisors International LTD and Prophecy Special Opportunities Fund, LP and Special Opportunities International LTD.

Tax Reporting Statements

Notwithstanding the pending dispute with one of Prophecy's sub-advisors and the sub-advisor's related entities, Marcum LLP, our auditor and tax preparer, has advised Prophecy to issue the 2019 tax reporting statements prior to September 15th.

Accordingly, we currently expect to issue K-1s via the administrator during the week of September 7th. I will also personally deliver these via email to those for whom I have contact information. Please feel free to reach out to me directly if you are in urgent need of your K-1 statement.

In the event that we need to restate income, Marcum has advised that the appropriate course would be to amend the returns and produce updated K-1s at that time. Marcum also has advised that any losses and/or the inability to recover collateral would be appropriately addressed after a resolution of the dispute.

2018 Restated Audit Financial Statements

As we have previously disclosed, Prophecy has engaged Marcum to re-audit the 2018 financial statements of Prophecy Trading Advisors, LP and Trading Advisors International, LTD. Prophecy also has engaged Marcum to complete the 2019 audit for Prophecy Special Opportunities Fund, LP and Special Opportunities International, LTD. We expect that Marcum will complete its re-audit of the 2018 financial statements in the coming weeks. As soon as these are completed, we will deliver them via the administrator.

Net Asset Value Statements and 2019 Audited Financial Statements

Many of our clients have requested Net Asset Value statements. Unfortunately, we have been forced to suspend this effort for multiple reasons:

First, since we are in a pending arbitration with the sub-advisor over various matters, including his losses under his agreements with Prophecy, it is difficult to value the funds' portfolios and to provide standard NAV statements.

Second, since the sub-advisor has been unwilling or unable to provide monthly statements for certain of the funds' investments as he has in the past, it is impossible to provide an accounting.

While Marcum is in the process of completing its audit for 2018, it is unable to complete its audit for 2019 for the reasons discussed above relating to NAV statements. Without the sub-advisor's confirmation to Marcum of the value of the investments, Marcum is unable to complete its work.

It is our belief, based on discussions and advice from Pluris Valuation Advisors, LLC, that until the dispute with the sub-adviser is resolved, Prophecy will not be able to provide a reasonable basis for calculation of NAV statements or to provide audited financial statements of Prophecy Trading Advisors LP, International LTD or Prophecy Special Opportunities Fund, LP or International LTD.

If you have any questions, please do not hesitate to email me at: jeffrey.spotts@prophecyfund.com

Kind regards,

Jeffrey Spotts, CMT
Chief Executive Officer

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